

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

RECEIVED

SEP 4 5 20 PM '97

POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY
Docket No. R97-1

POSTAL RATE AND FEE CHANGES, 1997

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS DANIEL TO INTERROGATORIES OF
VAL-PAK DIRECT MARKETING SYSTEMS, INC., VAL-PAK DEALERS'
ASSOCIATION, INC., AND CAROL WRIGHT PROMOTIONS, INC.
(VP-CW/USPS-T29-1-2(a) & (c)) AND MOTION FOR EXTENSION OF TIME
TO FILE RESPONSE TO VP-CW/USPS-T29-2(B)

The United States Postal Service hereby provides responses of witness Daniel to the following interrogatories of Val-Pak Direct Marketing Systems, Inc., Val-Pak Dealers' Association, Inc., and Carol Wright Promotions, Inc.: VP-CW/USPS-T29-1-2(a) and (c), filed on August 21, 1997. The Postal Service also requests a one day extension to prepare the response to interrogatory VP-CW/USPS-T29-2(b). The response to this interrogatory requires additional coordination and review, and the response could not be timely completed for filing today. Counsel for the Postal Service will send the response to counsel for Val-Pak via facsimile transmission tomorrow.

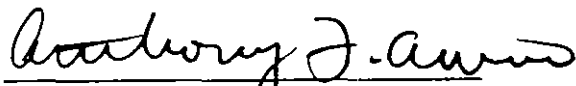
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking


Anthony F. Alverno

**RESPONSE OF U.S. POSTAL SERVICE WITNESS DANIEL TO
INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC., VAL-
PAK DEALERS' ASSOCIATION, INC., AND CAROL WRIGHT PROMOTIONS, INC.**

VP-CW/USPS-T29-1.

Please refer to Exhibit USPS-29D, p. 1, columns 4 and 5.

- a. Please provide a complete and exact citation for the source of the data in column 4.
- b. Please confirm that column 5 shows Test Year Total Costs Before Rates. If you do not confirm, please explain what the data in column 5 represent.
- c. Please provide Test Year Volume and Total Costs After Rates for each of the rows shown in USPS-29D.

RESPONSE:

- a. USPS-T-6, page A-30. "Appendix Table 4: Detailed Before- and After-Rates Volume Forecasts for First-Class and Standard A Mail." Column 2 "Before Rates" lines 45-51.
- b. Confirmed
- c. I understand that the reconciled TY volume variable unit costs in Column 6 are the same for both before- and after-rates.

**RESPONSE OF U.S. POSTAL SERVICE WITNESS DANIEL TO
INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC., VAL-
PAK DEALERS' ASSOCIATION, INC., AND CAROL WRIGHT PROMOTIONS, INC.**

VP-CW/USPS-T29-2.

Please refer to Exhibit USPS-29C, page 3, including footnote 2, which states that "ECR Mail Processing costs reflect current level of dropshipping."

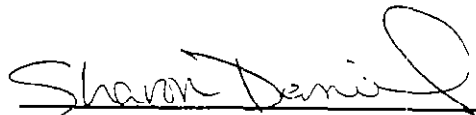
- a. Please confirm that the unit costs shown in this exhibit are for Test Year. If you do not confirm, please explain what they represent.
- b. For the Test Year, what are the unit mail processing costs for ECR letters and nonletters that are:
 - (i) dropshipped to DDUs (*i.e.*, 100 percent dropshipped to DDUs);
 - (ii) dropshipped to DSCFs (*i.e.*, 100 percent dropshipped to DSCFs);
 - (iii) dropshipped to DBMCs (*i.e.*, 100 percent dropshipped to DBMCs);
 - (iv) Not dropshipped to any destinating facility.
- c. Please explain what "other costs" include (as opposed to what they exclude), including whether such other costs include the cost of Postal-Owned Vehicles attributed to Standard A mail (see LR-H-111, Appendix B, Table 6).

RESPONSE:

- a. Confirmed.
- b. An extension to this interrogatory has been requested.
- c. "Other" costs include such items as postmasters, vehicle service drivers, window service, special delivery messengers, and claims and inquiry. For the purposes of Exhibit USPS-29C, transportation costs are defined as only those costs in Cost Segment 14. Therefore, Postal-Owned Vehicle costs, or Vehicle Service Driver costs, are reflected in "other" costs in Exhibit USPS-29C page 3. For the purposes of USPS LR-H-111, however, transportation costs include Vehicle Service Drivers (Postal-Owned Vehicle) costs. The different treatment of these costs in the exhibit and the library reference does not affect the total costs in Exhibit USPS-29C and does not impact the analysis in that exhibit.

DECLARATION

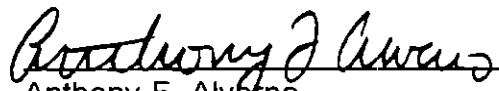
I, Sharon Daniel, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.


SHARON DANIEL

Dated: September 4, 1997

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.


Anthony F. Alverno

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
September 4, 1997